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Semi-Annual Report

SCOTT MISENER STEAMSHIPS LIMITED

September 30, 1965

October 20, 1965.

The Statement of Consolidated Profit and Loss of the Company for the six months ending September 30, 1965, shows a decrease in the operating profit as compared to the same period in 1964.

This decrease is due in part to the late Spring opening of the navigating season, resulting in the number of vessel operating days this year being 1,648 compared to 1,967 last year.

In the Spring, our Steamer "Laketon" was sold, as your Directors felt it was no longer economical to operate, resulting in a profit of \$62,798.00.

The Russian grain sale would ordinarily indicate a demand for tonnage, but this did not materialize in August and September, due to the shortage of proper grains at the Canadian Lake-head and the lack of ocean tonnage in the St. Lawrence River ports.

We feel sure that this problem which we are facing at present will be overcome by those who have control over the exporting of Canadian grain and, if so, conditions in our industry should improve for the balance of this operating season.

We plan to move into our new office at 115 Dieppe Road, St. Catharines, Ontario, in mid-November. Our new telephone number will be 416-682-6601.

In conclusion, may I point out, that, although our Company has experienced some difficult periods due to unforeseen circumstances, such as the threatened steel strike and the delays in loading and discharging grain cargoes, there is every indication that conditions will improve and the next twelve months should be much more satisfactory.

On behalf of the Board of Directors,

RALPH S. MISENER, President.

SCOTT MISENER STEAMSHIPS LIMITED

and its wholly-owned subsidiary, CONSOLIDATED SHIPPERS LIMITED

STATEMENT OF CONSOLIDATED PROFIT AND LOSS AND EARNED SURPLUS

For the first six months ended September 30, 1965

(Subject to year-end audit and adjustments, with comparative figures for 1964)

	Six Months Ended September 30	
	1965	1964
Revenue from operations	<u>5,764,726</u>	<u>7,131,042</u>
Operating profit before providing for depreciation	2,006,165	2,743,838
Deduct depreciation on vessels....	831,870	885,063
Operating profit	<u>1,174,295</u>	<u>1,858,775</u>
Interest on funded debt	333,238	268,817
	<u>841,057</u>	<u>1,589,958</u>
Add — Other income	50,760	99,252
Profit on sale of vessel	62,798	
Profit before income taxes	<u>954,615</u>	<u>1,689,210</u>
Income taxes	450,000	802,000
Consolidated net profit	<u>504,615</u>	<u>887,210</u>
Surplus at beginning of period..	1,992,481	1,534,522
	<u>2,497,096</u>	<u>2,421,732</u>
Deduct dividends paid — Common	112,500	
— Preferred	41,771	
	<u>154,271</u>	
	<u>2,342,825</u>	<u>2,421,732</u>
Dividends on preference shares declared — payable Oct. 15....	41,771	72,151
Consolidated net profit per common share	\$0.561	\$1.087
Common shares outstanding and issued at end of period	750,000	750,000

The results of operations for the first six months of 1965 include 1,648 vessel operating days out of an estimated normal season of 2,500 vessel operating days. Depreciation and interest on funded debt have been included in the results for 1965 in the proportion that the operating days to September 30, 1965 bears to the estimated total for the year.

This method of determining expenses is somewhat different than that used in prior years and has had the effect of decreasing depreciation provided by \$44,963, and increasing interest on funded debt by \$87,147, for a net reduction of net profit for the period after income taxes of \$21,936.

As the largest proportion of operating days occur in the above period, and due to conditions this year, it is estimated that expenses may approximate revenues for the next six months, resulting in no significant change in the results of operations for this fiscal year.